

DOCKET NO. P-421/EM-91-190

ORDER ACCEPTING REPORT, ALLOWING WITHDRAWAL, AND CLOSING DOCKET

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Joel Jacobs
Tom Burton
Marshall Johnson
Dee Knaak
Don Storm

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition to Restructure
Nonrecurring Charges by Replacing Service
Charges With Product Specific Charges

ISSUE DATE: July 11, 1996

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PROCEDURAL HISTORY

On March 13, 1991, U S WEST Communications, Inc. (USWC) filed a petition to replace nonrecurring service order charges with nonrecurring product specific charges.

On October 31, 1991, the Minnesota Independent Payphone Association (MIPA) filed a petition to intervene in the proceeding. The Association opposed the rate restructuring as applied to customer-owned payphones, claiming the proposed charges were excessive and discriminatory.

On March 26, 1992, the Commission issued an Order authorizing USWC to replace its nonrecurring service order charges with nonrecurring product specific charges. To ensure revenue neutrality, the Commission required USWC and the Minnesota Department of Public Service (the Department) to track revenues as a result of the change to product specific charges for one year after implementation of the changes. The Commission stated that if USWC's revenues increased under the changes, the Company would be required to make refunds to customers.

Regarding MIPA's petition, the Commission granted MIPA intervenor status but denied MIPA's request to establish the installation charge for payphones at the same level as the installation charge for regular business (one-party) service. Instead, the Commission directed USWC to file a long run incremental cost study for payphone installation.

On September 30, 1992 USWC filed the long run incremental cost study for payphone installation as required by the March 26, 1992 Order.

On December 21, 1992, the Department and MIPA filed comments. In its comments, MIPA

requested the Commission open an investigation into USWC's practices and rates for pay telephone service.

On August 9, 1993, USWC submitted revenue information tracking revenues resulting from the change to product specific charges authorized in the March 13, 1992 Order.

On October 7, 1993, the Department submitted its report and recommendation.

On June 11, 1996, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

I. Revenue Impact of the Change to Product Specific Charges

A. Background

The Commission has been reluctant to change rates piecemeal between rate cases. In rate cases, the Commission can examine the Company's overall operations and take into consideration all the factors and all the rates. The concern expressed by the Commission in its March 13, 1992 Order was that the change from nonrecurring service order charges to nonrecurring product specific charges would increase USWC's revenue, thereby jeopardizing the balance established in USWC's last rate case and allow the Company to overearn.

B. USWC's Filing

According to USWC's filing, the changes authorized in the March 26, 1992 Order have actually had a negative impact on USWC's revenues. The total product specific nonrecurring charge revenue collected from June 1992 to June 1993 was actually less than the revenue collected before the change.

C. The Department's Comments

The Department agreed that USWC's total revenues decreased as a result of the change. The Department noted that although price increases under the change were applied to business services, the quantity of business service orders decreased so much that total business order revenues decreased. At the same time, the Department noted, increases in residential orders were insufficient to offset these losses. The Department recommended, therefore, that refunds were not warranted.

D. Commission Action

The Commission finds that USWC has demonstrated that revenues did not increase as a result of the change to product specific nonrecurring charges. Therefore, no refunds are warranted and the Commission will close the nonrecurring charges portion of the docket.

II. MIPA's Request to Withdraw

In its initial December 21, 1992 comments in this matter, MIPA had requested that the Commission open an investigation into USWC's practices and rates for pay telephone service. However, on May 11, 1995 MIPA sought to withdraw its request for a Commission investigation.

The Commission finds that to the extent that MIPA's concerns have not been mooted by the passage of recent legislation, they appear to be addressed in Docket No. P-421/C-95-1036. Accordingly, the Commission will grant MIPA's request to withdraw its petition in this matter, thereby resolving the pay telephone portion of this docket.

ORDER

1. USWC's compliance filing, a tracker report required by the Commission's March 13, 1996 Order in this matter, is accepted.
2. MIPA's request to withdraw its request for an investigation in this docket is granted.
3. The current docket (P-421/EM-91-190) is hereby closed.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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